

RETURN TO: CITY RECORDER
TERRI TURI CMC
PO BOX B
NORTH BEND OR 97459

ORDINANCE NO. 1867

AN ORDINANCE AMENDING THE PLAN OF THE NORTH BEND URBAN RENEWAL AGENCY TO ESTABLISH ITS MAXIMUM DEBT LIMIT AND SELECT OPTION 1 FOR THE COLLECTION OF TAX INCREMENT REVENUES..

THE CITY OF NORTH BEND ORDAINS AS FOLLOWS:

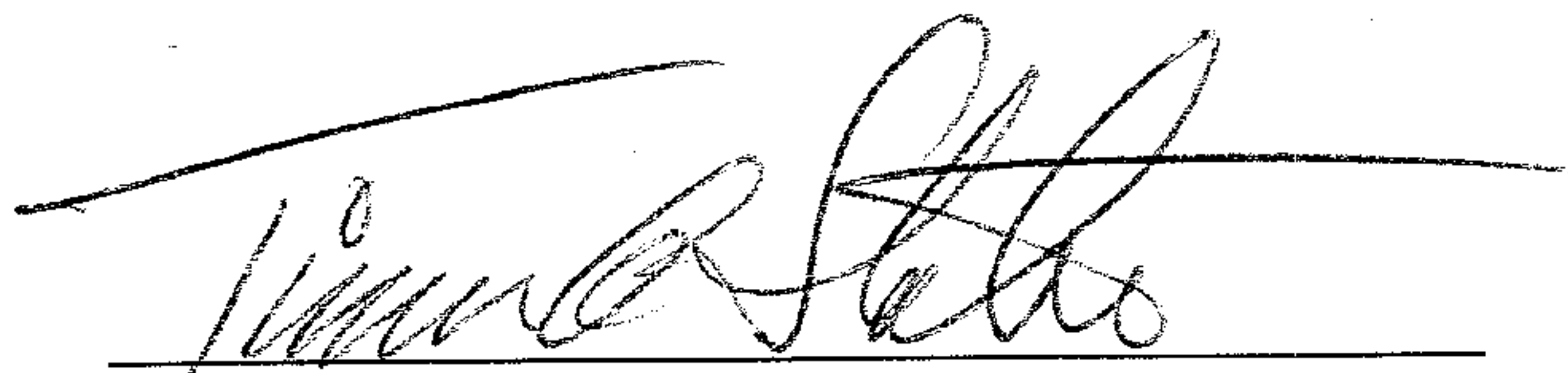
SECTION 1. The Council finds that the amendment to the North Bend Urban Renewal Plan adopted in this ordinance has been duly advertised and notice sent to affected taxing entities, and a hearing has been held before the City Council this date to receive public comment, and such amendment has been reviewed and recommended by the North Bend Planning Commission on May 18, 1998. The Council also finds that both the debt limit and option for the collection of tax increment revenues has been reviewed and recommended by both the Agency and City Council and the Coos County Commission has been consulted and concurs in the selection of the option and acknowledges the debt limit.

SECTION 2. In compliance with Ballot Measure 50 and ORS 457.190 (3)(c)(A), the Urban Renewal Plan of the North Bend Urban Renewal Agency, adopted by Ordinance No. 1823 of the City of North Bend on August 23, 1994, is hereby amended by adding a paragraph D. to Section VI of said Plan which will read as follows:

D. Establishment of Maximum Debt. The maximum amount of indebtedness that may be issued or incurred under this Urban Renewal Plan is \$11,800,723.

SECTION 3. The City of North Bend hereby selects Option 1 for the collection of tax increment revenues under the provisions of ORS 457.435.

Enacted by the Council May 26, 1998.



Mayor

ATTEST:



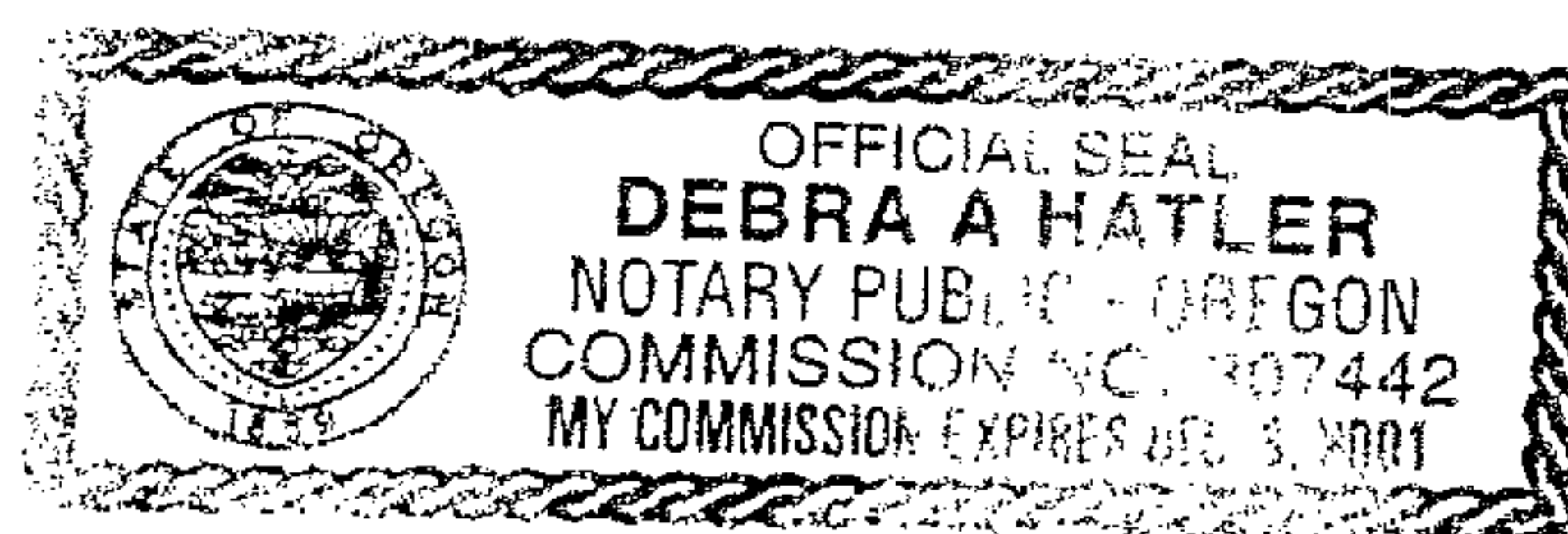
Recorder

State of Oregon
County of Coos

This instrument was acknowledged before me on June 5, 1998 by Timm Slater and Terri Turi.



Notary



My Commission expires: 12-3-2001

Comm No. 307442

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City of
North Bend

North Bend
Urban
Renewal
Area

Urban Renewal Plan
First Amendment

Prepared for
North Bend Urban Renewal Agency
June, 1998

Spencer & Kupper - Plan Consultants

FIRST AMENDMENT TO NORTH BEND URBAN RENEWAL PLAN

Background

This First Amendment to the Urban Renewal Plan for the City of North Bend is undertaken pursuant to ORS 457.190(3)(c)(A), which provides:

“Each existing urban renewal plan that provides for a division of taxes pursuant to ORS 457.420 to 457.460 may be changed by substantial amendment no later than July 1, 1998, to include a maximum amount of indebtedness that may be issued or incurred under the plan determined as described in subparagraph (B) of this paragraph. The additional notices required under ORS 457.120 are not required for an amendment adopted pursuant to this paragraph.”

Pursuant to ORS 457.190(3)(c)(A), the First Amendment to the North Bend Urban Renewal Agency Renewal Plan therefore adds the following new section to the Urban Renewal Plan: New wording is shown in *italics*.

Section VI.E. - Establishment of Maximum Debt

The maximum amount of indebtedness that may be issued or incurred under this Urban Renewal Plan is \$11,800,723.

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REPORT ON THE FIRST AMENDMENT TO THE NORTH BEND URBAN RENEWAL
PLAN

Background

The First Amendment to the North Bend Urban Renewal Plan is carried out pursuant to the requirements of ORS 457.190(3)(c)(A), which requires that this Urban Renewal Plan be amended to include a maximum amount of indebtedness that may be issued or incurred under the plan. Calculating and inserting this maximum amount of indebtedness requires changes to information in the Report on the 1994 Plan.

The Report on the First Amendment to the Urban Renewal Plan therefore makes the following changes and additions to the Report on the Plan:

Section VII - PROJECT COSTS AND TIMING

Section 7A of the Report is hereby revised to include the following text:

ORS 457.190(3)(c)(B) states that the maximum amount of indebtedness that may be issued or incurred under the plan, as determined for the purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, included, but not limited to increases in the costs due to reasonably anticipated inflation.

Section 7B of the Report is hereby revised to read:

It is assumed that agency tax increment funds will be required to pay all project costs. Other sources will be used as they become available.

Section 7C of the Report on the Plan is hereby revised to read:

C. Project Costs - Update to 1998 Values

Project costs have been updated from the August 1994 adoption date to March 1998. Costs were updated using the construction cost index from the Engineering News Record.

The August 1994 construction cost index was 4892, and the March 1998 index was 5874. The 450 points difference in the index constitutes an 8% growth in costs during the 1987-1998 period. The original 1994 plan costs therefore were increased 8% to account for inflation of construction costs.

Table 1 of the Report on the Plan is amended to update the 1994 costs to 1998 values. Table 1 is shown on the following page:

TABLE 1-Project Costs Updated to 1998 Values		
Total Project Costs	1994	1998
Property Acquisition	\$0	\$0
Dock	\$310,000	\$335,719
Lot 1	\$160,000	\$173,274
Environmental Clean-Up	\$25,000	\$27,074
Entrance Improvements	\$150,000	\$162,445
Pedestrian Improvements	\$206,350	\$223,470
Waterfront	\$0	\$0
Public Parking Lot	\$63,000	\$68,227
Restroom	\$150,000	\$162,445
Observation/Fishing Pier	\$200,000	\$216,593
Site Amenities	\$20,000	\$21,659
Land Use Amendments	\$25,000	\$27,074
Downtown Parking Study	\$20,000	\$21,659
Design & Contingency	\$159,838	\$173,099
Property Acquisition	\$0	\$0
Lot 2	\$280,000	\$303,230
Pedestrian Improvements	\$206,350	\$223,470
Intersection Improvement	\$100,000	\$108,296
Waterfront	\$0	\$0
Harbor Walk	\$157,500	\$170,567
Concrete Walkways	\$46,250	\$50,087
Site Amenities	\$20,000	\$21,659
Public Walkway Extensions	\$51,200	\$55,448
Downtown Parking	\$100,000	\$108,296
Utilities	\$150,000	\$162,445
Design & Contingency	\$207,823	\$225,065
Property Acquisition	\$0	\$0
Lot 3	\$200,000	\$216,593
Pedestrian Improvements	\$100,000	\$108,296
Waterfront	\$0	\$0
Seawall	\$400,000	\$433,186
Second Parking Lot	\$63,000	\$68,227
Site Amenities	\$20,000	\$21,659
Utilities	\$200,000	\$216,593
Design & Contingency	\$195,750	\$211,990
Waterfront	\$0	\$0
California Turn Around	\$75,000	\$81,222
Harbor Avenue	\$60,000	\$64,978
Site Amenities	\$13,000	\$14,079
Intersection Improvement	\$200,000	\$216,593
Downtown Parking	\$200,000	\$216,593
Lincoln Square Landscaping	\$30,000	\$32,489
Utilities	\$300,000	\$324,889
Design & Contingency	\$219,500	\$237,711
Lot 4 Environ. Cleanup	\$235,000	\$254,497
<i>(Table 1 continued on next page)</i>		

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<i>(Table 1 continued)</i>		
Simpson Heights Waterfront	\$50,000	\$54,148
N. Point Access	\$200,000	\$216,593
Virginia - W. Pedestrian	\$210,000	\$227,423
Pony Creek Improvements	\$30,000	\$32,489
Utilities	\$216,000	\$233,920
Waterfront Boat Ramp	\$50,000	\$54,148
Intersection Improvement	\$350,000	\$379,038
Ped. Improves - 1300 LF	\$137,300	\$148,691
Grant Circle	\$319,500	\$346,007
Design & Contingency	\$390,700	\$423,114
TOTALS	\$7,273,061	\$7,876,468

Update of Costs to 1998 Values - Administration

Costs of administering the renewal plan are most appropriately covered from Agency revenues, or these costs become a burden on the City's general fund revenues. Design and contingency items are intended to cover administrative costs, including direct costs of staffing for the renewal plan, legal and consulting fees, etc.

E. Estimated Completion Date

Section 5E of the Report is revised as follows:

The costs shown in Table I of this First Amendment are 1998 costs. Anticipated annual tax increment revenues, and anticipated revenues from other sources will not be sufficient to carry out all project activities in 1998. Project activities instead will be undertaken as revenues become available, either through short or longer term borrowings. The need to phase project activities will lead to further inflation of project costs. Recent construction cost increases shown in the Engineering News Record are in the 2.5% range. The 1998 costs from Table I are therefore further increased by 2.5% annually, until revenues and borrowings are sufficient to cover all project activity costs.

A new Table 1A is hereby added to the report on the Plan. Table 1A below shows the estimated total principal cost to complete all remaining activities in the Urban Renewal Plan.

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TABLE 1 A			
COSTS OF PROJECTS THROUGH ANTICIPATED			
COMPLETION OF PROJECT ACTIVITIES			
	Project Costs.	Outlay on Project	Balance of Cost
Year	Begin of year	Costs During Year	End of Year
1998	\$7,876,468	\$90,787	\$7,785,681
1999	\$8,019,251	\$124,949	\$7,894,302
2000	\$8,131,131	\$160,051	\$7,971,080
2001	\$8,210,212	\$196,118	\$8,014,094
2002	\$8,254,517	\$233,177	\$8,021,341
2003	\$8,261,981	\$271,254	\$7,990,726
2004	\$8,230,448	\$310,379	\$7,920,069
2005	\$8,157,671	\$350,580	\$7,807,090
2006	\$8,041,303	\$391,887	\$7,649,416
2007	\$7,878,899	\$434,329	\$7,444,569
2008	\$7,667,906	\$477,939	\$7,189,967
2009	\$7,405,666	\$522,748	\$6,882,919
2010	\$7,089,406	\$568,789	\$6,520,617
2011	\$6,716,236	\$616,096	\$6,100,140
2012	\$6,283,144	\$664,704	\$5,618,440
2013	\$5,786,993	\$714,649	\$5,072,344
2014	\$5,224,514	\$765,968	\$4,458,547
2015	\$4,592,303	\$818,697	\$3,773,606
2016	\$3,886,814	\$872,877	\$3,013,937
2017	\$3,104,355	\$928,546	\$2,175,809
2018	\$2,241,083	\$985,747	\$1,255,336
2019	\$1,292,996	\$1,044,521	\$248,475
2020	\$255,930	\$255,930	\$0
Total Outlay on Projects		\$11,800,723	

Notes on Table 1A

(a) Outlays on Project Activities

Annual outlays on project activities are based upon anticipated annual tax increment revenues over the life of the project, interest earnings, proceeds from borrowings, and other resources available to the Agency. Anticipated annual tax increment revenues are shown in Table 9, in Section VIII of this Report.

(b) Costs of debt and principal on existing debt

North Bend Urban Renewal Area currently has no outstanding indebtedness.

It is anticipated that the Renewal Agency will issue a long term bond or other form of borrowing to carry out project activities. The principal amount or amounts of those borrowings is not yet determined. At the present time it can be assumed that long term tax increment financing would be for a ten year term, at 5% interest, and require a 1.5 to 1 debt service coverage ratio. A debt service reserve of 10%, and 1.5 % cost of issue could be expected. The reserve and cost of issue are expected to be covered from Agency funds for project administration.

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(C) Other resources

No additional resources are anticipated to be available for carrying out project activities.

Table IA anticipates that revenues will be sufficient to carry out all project activities by the year 2020.

These dates depend on many assumptions regarding the level and timing of increases in values in values within the urban renewal area, and upon the assumption that there will be no adverse changes to Oregon's property tax system, or urban renewal statutes. If these assumptions prove incorrect, the anticipated dates for completion will change.

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The First Amendment to the Urban Renewal plan revises Section VIII to read as follows:

Section VIII. FINANCIAL ANALYSIS OF THE PLAN

Tables 1 and 1A in Section VII of the Report on the First Amendment to the Plan show the anticipated costs of project activities, and the estimated time required to carry out all project activities, and pay off indebtedness. The principal source of revenue to carry out project activities will be annual tax increment revenues of the Renewal Agency. Table 9 of the original Report on the Plan is hereby deleted and a new Table 9 shown below, is substituted Anticipated tax increment revenues are shown in Table 9, below.

TABLE 9		
PROJECTED TAX INCREMENT REVENUES		
Year	% Growth in Incremental AV	Maximum Tax Increment Amt
1998	35.955%	\$89,007
1999	37.629%	\$122,499
2000	28.093%	\$156,913
2001	22.535%	\$192,272
2002	18.896%	\$228,604
2003	16.330%	\$265,936
2004	14.424%	\$304,294
2005	12.952%	\$343,706
2006	11.782%	\$384,203
2007	10.830%	\$425,813
2008	10.041%	\$468,568
2009	9.375%	\$512,498
2010	8.808%	\$557,636
2011	8.317%	\$604,016
2012	7.890%	\$651,671
2013	7.514%	\$700,636
2014	7.181%	\$750,949
2015	6.884%	\$802,644
2016	6.618%	\$855,762
2017	6.378%	\$910,340
2018	6.160%	\$966,419
2019	5.962%	\$1,024,040
2020	5.782%	\$1,083,246

The tax increment revenues shown in Table 9 are based on the following assumptions:

- 1. It is assumed that Option One will be selected as the tax increment revenue certification method.*
- 2. It is assumed that the renewal agency will certify 100 % of its maximum revenue in each year of the projection period.*

3. *It is assumed that total assessed value within the urban renewal area will increase 3 % annually in each year of the projection period.*
4. *In addition, it is assumed that new construction will add \$500,000 of value during each year of the projection period.*
5. *These revenue projections are consistent with Ballot Measure 50 provisions on value increases, and produce annual growth and renewal values consistent with anticipated growth patterns for the North Bend Urban Renewal Area.*

The revenues shown in Table 9 are expected to be sufficient to carry out all project activities currently shown in the Urban Renewal Plan, and to retire project indebtedness within a reasonable period of time. It is financially feasible to carry ut the urban Renewal Plan for the North Bend Renewal Area.

The following text is added to Section VIII of the Report on the Urban Renewal Plan for North Bend Urban Renewal Plan:

Section VIIIE is hereby revised to read as follows:

Section VIIIE Statement of Fiscal Impact on Other Jurisdictions

Section VIII and Tables 4 through 8 of the original Report on the Urban Renewal Plan address increases in property tax rates which result from carrying out the urban renewal program. The permanent Ballot Measure 50 tax rates for overlapping taxing bodies have been increased as a result of being calculated without including the 1997-98 level of incremental values in North Bend Urban Renewal Area .

Under Ballot Measure 50, the choice of tax increment revenue certification method can impact the potential property tax revenues received by overlapping tax bodies. A new Table 12 hereby is added to Section VIII of the report on the First Amendment to the Urban Renewal Plan.

Table 12 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan, and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BM50 tax rates to those values. The dollars foregone in each year also are shown as a percentage of the total potential property tax revenues for that body would increase if it had access to the renewal area values.

Table 12 is shown on the following page

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NORTH BEND URBAN RENEWAL AREA
 POTENTIAL REVENUE IMPACTS ON TAX BODIES
 TABLE 12

Year	Cumulative New Incremental Values in area	County taxes foregone on new values	Amt foregone as % of Total County Tax	City taxes foregone on new values	Amt foregone as % of Total City Tax	Port taxes foregone on new values	Amt foregone as % of Total Port Tax	Library tax foregone on new values	Amt foregone as % of Total Library Tax	Vector tax foregone on new values	Amt foregone as % of Total Fire Tax
1998-99	\$1,011,770	\$1,094	0.043%	\$6,263	0.282%	\$620	0.069%	\$738	0.043%	\$7	86.345%
1999-00	\$2,451,363	\$2,650	0.100%	\$15,173	0.654%	\$1,501	0.162%	\$1,789	0.100%	\$16	93.643%
2000-01	\$3,930,545	\$4,249	0.154%	\$24,329	1.005%	\$2,407	0.249%	\$2,868	0.154%	\$26	95.783%
2001-02	\$5,450,405	\$5,892	0.206%	\$33,736	1.336%	\$3,338	0.332%	\$3,977	0.206%	\$35	96.803%
2002-03	\$7,012,061	\$7,580	0.254%	\$43,403	1.647%	\$4,294	0.410%	\$5,116	0.254%	\$46	97.400%
2003-04	\$8,616,662	\$9,315	0.300%	\$53,335	1.940%	\$5,277	0.484%	\$6,287	0.300%	\$56	97.791%
2004-05	\$10,265,390	\$11,097	0.344%	\$63,540	2.216%	\$6,287	0.555%	\$7,490	0.344%	\$67	98.066%
2005-06	\$11,959,458	\$12,928	0.385%	\$74,025	2.476%	\$7,324	0.621%	\$8,726	0.385%	\$78	98.270%
2006-07	\$13,700,113	\$14,810	0.424%	\$84,800	2.720%	\$8,390	0.683%	\$9,996	0.424%	\$89	98.427%
2007-08	\$15,488,636	\$16,743	0.461%	\$95,870	2.950%	\$9,485	0.742%	\$11,301	0.461%	\$101	98.551%
2008-09	\$17,326,343	\$18,730	0.496%	\$107,245	3.166%	\$10,611	0.798%	\$12,641	0.495%	\$113	98.652%
2009-10	\$19,214,587	\$20,771	0.528%	\$118,933	3.369%	\$11,767	0.851%	\$14,019	0.528%	\$125	98.734%
2010-11	\$21,154,758	\$22,868	0.559%	\$130,942	3.560%	\$12,955	0.900%	\$15,435	0.559%	\$138	98.804%
2011-12	\$23,148,283	\$25,023	0.588%	\$143,281	3.739%	\$14,176	0.947%	\$16,889	0.588%	\$150	98.862%
2012-13	\$25,196,631	\$27,238	0.615%	\$155,960	3.906%	\$15,430	0.990%	\$18,383	0.615%	\$164	98.912%
2013-14	\$27,301,308	\$29,513	0.641%	\$168,987	4.063%	\$16,719	1.031%	\$19,919	0.641%	\$177	98.956%
2014-15	\$29,463,864	\$31,850	0.665%	\$182,372	4.210%	\$18,044	1.070%	\$21,497	0.665%	\$192	98.993%
2015-16	\$31,685,890	\$34,252	0.687%	\$196,126	4.347%	\$19,404	1.106%	\$23,118	0.687%	\$206	99.026%
2016-17	\$33,969,021	\$36,721	0.709%	\$210,258	4.475%	\$20,803	1.139%	\$24,784	0.708%	\$221	99.055%
2017-18	\$36,314,939	\$39,256	0.728%	\$224,779	4.594%	\$22,239	1.171%	\$26,495	0.728%	\$236	99.080%
2018-19	\$38,725,370	\$41,862	0.747%	\$239,698	4.705%	\$23,715	1.200%	\$28,254	0.746%	\$252	99.103%
2019-20	\$41,202,087	\$44,539	0.764%	\$255,029	4.808%	\$25,232	1.228%	\$30,061	0.763%	\$268	99.123%

Compression Impacts

The City of North Bend's BM50 tax rate for general government, (including the levy for urban renewal) was \$9.0541 in the 1997-98 tax year. No compression is anticipated as a result of urban renewal activities. If compression issues do arise in the future, the City may respond to them by reducing or eliminating the amounts levied for urban renewal.

Effect on Bond Rates

The presence of the North Bend Urban Renewal Area impacts the tax rate for bonds issued by overlapping taxing bodies. The table below shows the decrease in bond tax rates that would result if the 1997-98 incremental values from the Row River Road Renewal Area were available for calculating tax rates. The Table indicates that the tax rates for bonds would decrease less than one cent per thousand of valuation in North Bend.

TABLE 13 - NORTH BEND URBAN RENEWAL AREA					
IMPACT ON BOND RATES 1997-98					
	Co. Bond	City Bond	Port of Coos	SD 9 Bond	County URA
Amt Levied	\$1,671,669	\$203,672	\$23,431	\$382,231	\$35,417
AV less UR	\$2,493,517,221	\$357,981,053	\$1,513,954,174	\$1,003,345,970	\$2,556,191,659
Tax Rate	\$0.6704	\$0.5689	\$0.0154	\$0.3809	\$0.0138
Add Inc AV	\$2,813,997	\$2,813,997	\$2,813,997	\$2,813,997	\$2,813,997
New Rate	\$0.6697	\$0.5645	\$0.0154	\$0.3799	\$0.0138
Change	-\$0.0007	-\$0.0044	\$0.0000	-\$0.0010	\$0.0000